

Message Text

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PAGE 01 MEXICO 11924 162054Z

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C O N F I D E N T I A L MEXICO 11924

LIMDIS

E.O. 11652: GDS

TAGS: EGEN, PFOR, MX, G-77

SUBJECT: HAPPENINGS AT MEXICO CITY IN THE G-77 MEETING

1. BOTH GABRIEL VALDES (CHILE-UNDP) AND HERNANA SANTA CRUZ (FORMER AMB OF CHILE AT GENEVA) HAVE STRATEGIC ROLES IN G-77 MEETING. IN COURSE LENGTHLY TALKS WITH U.S. DELEGATES AT INDEPENDENCE DAY RECEPTION IN THE PRESIDENTIAL PALACE, THEY WENT OVER DEVELOPMENTS TO DATE WITH RESPECT TO THE G-77 MEETING. AFTER LARGELY CONFIRMING FACTS AND IMPRESSIONS PREVIOUSLY REPORTED TO THE DEPARTMENT, THE FOLLOWING MINIBOMB-SHELL WAS DETONATED IN STRICT CONFIDENCE.

2. A LIMITED NUMBER OF LAS CONVENED A CLOSED MEETING WEDNESDAY A.M. TO CONSIDER THE CREATION OF AN LA SUBGROUP WHICH INCLUDES OPEC MEMBERS.

3. THE RAISON D'ETRE FOR THE ESTABLISHMENT OF SUCH A SUB-GROUP IS INFLATION WITHOUT RELIEF, PRIMARILY BOT-TOMED IN OIL PRICES. SQUEEZED ON THE ONE SIDE BY CONTINUED RISES IN OIL PRICES BY OPEC/G-77 MEMBERS AND ON THE OTHER HIGHER COSTS OF DEVELOPED COUNTRY IMPORTS,
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PAGE 02 MEXICO 11924 162054Z

THIS GROUP OF COUNTRIES FEELS IT HAS NOWHERE TO TURN.

THE ONLY MANNER IN WHICH THEY CAN BRING THEIR VIEWS TO BEAR IN THE G-77 CONTEXT IS TO FORM A SUB-BLOCK WITHIN THE GROUP. SUCH A SUB-GROUP WOULD IMPROVE THEIR LEVERAGE AGAINST THE OPEC COUNTRIES AND INFLUENCE THE G-77 DIALOGUE WITH DEVELOPED COUNTRIES.

4. THE IMMEDIATE RAMIFICATIONS OF THIS BRAZILIAN INITIATIVE, IF IT TAKES HOLD, COULD BE DRAMATIC: IT MIGHT GALVANIZE THE AFRICAN GROUP TO PURSUE A SIMILAR COURSE OF ACTION IN MEXICO CITY. IT MIGHT ALSO CALL FOR A G-77 RETHINKING OF A NUMBER OF THE RECOMMENDATIONS FLOWING FROM COLOMBO, AT LEAST IN TERMS OF THE SPEED WHICH THEY ARE PURSUED. THE IMPACT OF THE NEW PROPOSAL ITSELF MAY PARALYZE SERIOUS CONSIDERATION OF THE MATTERS BEFORE THE MEXICO CITY G-77 CONFERENCE, REQUIRING RETRENCHMENT OF G-77 SOLIDARITY BEFORE TAKING ANYTHING FURTHER IN NEW ACTION PROPOSALS.

4. THE PROPOSAL MAY WELL HAVE BEEN UNDER DISCUSSION AMONGST THE PARTIES BEFORE COMMENCEMENT OF THE MEXICAN CONFERENCE. RESISTANCE OF THE VARIOUS G-77 MEMBERS TO THE CREATION OF A G-77 SECRETARIAT COULD BE RELATED TO THE FEARS OF THE PROPONENTS OF THE NEW SUB-GROUP THAT A G-77 SECRETARIAT AT THIS JUNCTURE WOULD BE MERELY ANOTHER STEP IN REINFORCING THE PRESENT STRUCTURE AND POLICIES OF THE LEADING G-77 COUNTRIES.

5. IT IS FAR TO EARLY TO TELL WHETHER THIS PROPOSAL WILL TAKE HOLD.
THOMPSON

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